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Viewing cable 10KUALALUMPUR12, MALAYSIA: UPDATE ON F-5 ENGINE SCANDAL

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g.

#10KUALALUMPUR12.

Reference ID	Created	Released	Classification	Origin
10KUALALUMPUR12	2010-01-10 23:31	2011-08-30 01:44	CONFIDENTIAL	Embassy Kuala Lumpur

Appears in these articles:

<http://www.malaysia-today.net/mtcolumns/41393-wikileaks-update-on-the-f-5-engine-scandal>

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OO RUEHCHI RUEHDT RUEHHM RUEHNH
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TO RUEHC/SECSTATE WASHDC IMMEDIATE 3667
INFO RUCNASE/ASEAN MEMBER COLLECTIVE PRIORITY
RHHMUNA/CDR USPACOM HONOLULU HI PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 KUALA LUMPUR 000012

SIPDIS

FOR EAP/MTS AND INR

E.O. 12958: DECL: 01/07/2020

TAGS: [PM](#) [PGOV](#) [MY](#)

SUBJECT: MALAYSIA: UPDATE ON F-5 ENGINE SCANDAL

REF: A. 09 KL 1016 -- F-5 FOLLOW UP

[1](#)B. 09 KL 1013 -- MALAYSIAN F-5 ENGINES CASE

Summary and Comment

¶1. (C) Malaysian government officials continue to communicate little information directly to Post regarding the missing F-5 engines (reftels). Most of the information on the scandal to date has come thru the local media, which reported on January 6 that police arrested and charged one Air Force sergeant and a business owner with the theft and illegal sale of the engines. The Attorney General and Defense Minister both were quoted in the press as saying that they were satisfied with these results. They gave no indication that investigations would continue into possible broader complicity in the thefts, nor what remedial actions are being taken by the GOM to assure that such security and procurement breaches would not occur again. A chorus of commentary in online media has expressed incredulity at the Government's position that the thefts were carried out solely by two relatively low-level individuals and that higher-ups in the military and elsewhere were not involved. On January 6, the Embassy's Office of Development Cooperation received a letter from the RMAF which provided a brief update on the missing engines case and indicated a willingness to respond to additional inquiries from the USG once the GOM investigation is completed (see para 7).

¶2. (C) Comment: We share some of the incredulity expressed in the blogosphere about the Government's case and explanation of who was behind the engine thefts. In coordination with Washington, Post is continuing to push for a complete accounting of how the thefts occurred and the ultimate disposition of the engines, and to remind the GOM of the seriousness of the issue and need for remedial actions. We look forward to a readout of next week's meeting on this issue between PM's PDAS and Malaysian Ambassador. The Ambassador and DCM have pending meeting requests with senior MFA officials. End Summary and Comment.

What the Media has Been Reporting

¶3. (SBU) Government-influenced media reports continue to provide evolving, if changing and conflicting facts pertaining to the disappearance of the two F-5 engines.

-- The most recent reports (January 7) indicate that the engines were stolen separately -- one on December 20, 2007 and the other on January 1, 2008 and that the discovery of the theft occurred on May 22, 2008.

-- Media reports say the RMAF filed a police report on August 4, 2008 after they conducted their own investigation.

-- The destination of the engines has been cited as both Argentina and Uruguay, although early accounts by the police reported in the press also indicated the engines went through or to the Middle East, and specifically Iran.

-- Some independent online news portals claimed that the engines ended up in Iran. At a press conference, the Attorney General reportedly became defensive when asked about the Iran connection, and all references placing the engines in the Middle East or Iran have since been removed from the state-run media.

-- Specific details regarding the May 2008 RMAF investigation and the August 2008 police investigation have not been released, although both the Attorney General and Defense Minister have implied that no one was held accountable as a result of those investigations.

-- As to where the engines currently are, Attorney General Gani Patail attracted attention with a January 5 comment quoted in the Star newspaper that, "I really do not know what is being done to it now, whether the engines are used as

scrap metal or as sinker for fishing."

-- The press reported that Police arrested RMAF Sergeant N. Tharmendran and company director Rajandran Prasad on January 6 in connection with the two missing F-5 engines. Tharmendran was charged with conspiring to steal the engines, while Rajandran was charged with intentionally disposing of items that he knew to be stolen.

-- Attorney General Gani had previously said on January 4 that "many people" were involved, but did not indicate that the investigation into the perpetrators would continue. According to Gani, "what is important is recovering the engines." No information has been released regarding the identities of the buyer and/or any middlemen.

-- Defense Minister Ahmad Zahid Hamidi was quoted by the Malaysian Insider on January 6 as saying at a public event that no further investigation or special inquiries were necessary, stating after the arrests that he was "satisfied with the Attorney-General's action and investigations into the case." Zahid also downplayed the severity of the theft, stating on January 7 that "The contract to purchase was made in 1972. At that time, the engine's price, including the afterburner, was \$121,428 each," basing this on the exchange rate at that time. (Note: the original value of the missing engines given by the newspapers was listed as \$15 million each. End note.)

-- Public condemnation of the results has been muted by the state-run media, but the online blogosphere has been swift, one-sided, and damning of the GOM's arrests and conclusion that Tharmendran and Rajandran were the only ones involved.

¶4. (C) The Ministry of Foreign Affairs has kept itself at arms length from the scandal. Ambassador and DCM have not yet been able to secure meetings with senior MFA officials to discuss this issue (among other bilateral issues). MFA Principal Assistant Secretary (Americas Division) Mohamad Radzi Jamaluddin told Poloff January 6 that the Defense Ministry has the lead and described that Ministry as being "elusive" in its handling of the case. Radzi opined that the newspapers were publishing a lot of misinformation, and that they were often factually incorrect. He suggested that press reports that the GOM has reached out to the USG for assistance in the investigation were false, because any such request would have been routed through the MFA. (Note: Post has no record of any request for assistance on this case from the GOM. End Note.)

Letter from the RMAF

¶5. (SBU) Following ref A discussion between Office of Defense Cooperation chief Lieutenant Colonel Steve Ma and Brigadier General Azizan bin Shaari, Director of Materiel with Royal Malaysia Air Force (RMAF), ODC chief received an official letter from the RMAF on January 6.

Begin text:

05 January 2010

OFFICIAL NOTIFICATION ON THE MISSING F5E GE J85-21 ENGINES

Ref:

¶A. FMS Case MF-D-SAJ

¶B. FMS Case MF-D-SBE

¶C. FMS Case MF-D-SBK

¶D. FMS Case MF-D-SCA

¶E. Malaysian Government Contract No: PERB/K&B/107/84.

¶F. The discussion between Assistant Chief of Staff Material / LTC Stephen C. Ma on 28 Dec 2009 at the Ministry of Defense, Malaysia.

¶1. The Royal Malaysian Air Force (RMAF) presents its compliments to the Office of Defense Cooperation and the United States Embassy Kuala Lumpur.

¶2. In pursuant to the discussion vide reference F, the RMAF regrets to inform that there are two (02) F5E GE J85-21 engines found missing from the inventory believed to be stolen on the 26th May 2008. The serial numbers of the engines are as follows:

- a. E227718
- b. E227856

¶3. The RMAF had conducted an internal investigation where procedures with regards to handling and transportation were re-examined and tightened. A report had been lodged with the Royal Malaysian police on the 4th of August 2008 to continue with the investigations and to pursue with criminal prosecution against individuals linked to the theft.

¶4. The RMAF fully understood the requirements of the United States government on Foreign Military Sales (FMS) policy in relation to this incident but unable to notify earlier pending completion of investigations by the Royal Malaysian Police. We believed that the investigation is nearing its conclusion and will follow with prosecution by the Attorney General's Chamber. We will endeavor to notify the progress on this matter to the United States Government through your office as soon as we have more information.

¶5. Thank you.

(signed)

DATO' SRI RODZALI BIN DAUD
Gen RMAF
Chief of Air Force

End Text
KEITH